



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
LANSING

STEVEN H. HILFINGER  
DIRECTOR

## ENROLLED BILL ANALYSIS

**BILL NUMBER:** Senate Bill No. 874 (S-1)

**TOPIC:** Liquor Control

**SPONSOR:** Senator Rocca

**CO-SPONSORS:** Senators Jones, Bieda, Kowall, Caswell, Nofs, Green, Marleau, Robertson, Warren, Schuitmaker, Jansen, Meekof, Hildenbrand and Hansen

**COMMITTEE:** Senate Regulatory Reform; House Regulatory Reform

**DATE INTRODUCED:** 12/8/11

**DATE ENROLLED:** 3/29/12

**DATE OF ANALYSIS:** 4/5/12

**ADMINISTRATION POSITION:** Support

### PROBLEM/BACKGROUND

The first issue this bill addresses is the suspension or revocation of off-premises licenses held by such businesses as grocery stores and convenience stores. Under the Code local governments can request that the MLCC revoke the license of an off-premises licensee, if the licensee is found responsible of the sale of alcoholic liquor to a minor on at least three separate occasions in a single calendar year. Recently, an off-premises licensee located in Ypsilanti Township was found responsible for the sale of alcoholic liquor to a minor on December 22, 2009; December 29, 2009; and June 10, 2010. Although the licensee sold alcoholic liquor to minors on three separate occasions within a six month period of time on the dates previously noted, these violations did not occur within a calendar year. Therefore, the MLCC could not revoke or suspend the license of this licensee.

The second issue this bill addresses is local legislative body approval of on-premises licenses held by such businesses as bars and restaurants. The Code currently requires approval of applications for on-premises liquor licenses by the local legislative body where the business is located before a license can be granted by the MLCC, except in cities that have a population of 750,000 or more. This exception pertains only to the City of Detroit which had a population of 951,270 according to the 2000 federal decennial census. Based upon the 2010 census data all local governmental units, including the City of Detroit, have populations below 750,000. As a result the Code now prevents the MLCC from considering any on-premises applications unless a Detroit City Council recommendation has been

obtained. In order for on-premises liquor licenses to be processed as they have in the past, a statutory change is needed to reduce the population threshold.

## **DESCRIPTION OF BILL**

This bill changes the time frame by which a local governmental unit can request a revocation or suspension of an off-premises liquor license issued to a licensee in their community, who has been found responsible for the sale of alcoholic liquor to a minor or intoxicated person, from a single calendar year to a consecutive 12-month period.

This bill also reduces the population threshold from 750,000 to 600,000 for a municipality to qualify for the exception to the provision in this subsection that requires approval of the local legislative body where the business is located before the MLCC can approve an application for an on-premises liquor license.

## **SUMMARY OF ARGUMENTS**

### **Pro**

This bill will provide a means by which local officials could initiate revocation or suspension proceedings against off-premises licensees who repeatedly sell alcoholic liquor to minors that may be within a 12-month period but not necessarily in a single calendar year.

### **Con**

The MLCC already has the authority to suspend or revoke the licenses of off-premises licensees for the sale of alcoholic liquor to a minor or an intoxicated person within a 24-month period in what the MLCC terms as a penalty hearing. Local officials that request a revocation or suspension of a license after a penalty hearing has been conducted may subject the licensee to unequal treatment if any other licensee is in the same situation and the local officials have not recommended revocation or suspension of that license.

### **Pro**

The lower population threshold requirement in the bill allows the Detroit City Council to be exempted from providing a recommendation for all on-premises license applications.

### **Con**

All cities should be treated the same and should follow the same process for liquor licenses; however, no other municipality indicated it wanted to be exempt from providing a recommendation for all on-premises applications in their jurisdictions.

## **FISCAL/ECONOMIC IMPACT**

This bill would not have a significant impact on department, state or local budgets.

## **OTHER STATE DEPARTMENTS**

### **ANY OTHER PERTINENT INFORMATION**

Associated Food and Petroleum Dealers supports the bill.

Michigan Alcohol Policy supports the bill.

Michigan Municipal League supports the bill.

Ypsilanti Township supports the bill.

Michigan Liquor Control Commission supports the bill.

### **ADMINISTRATIVE RULES IMPACT**

There will be no impact on Administrative Rules.